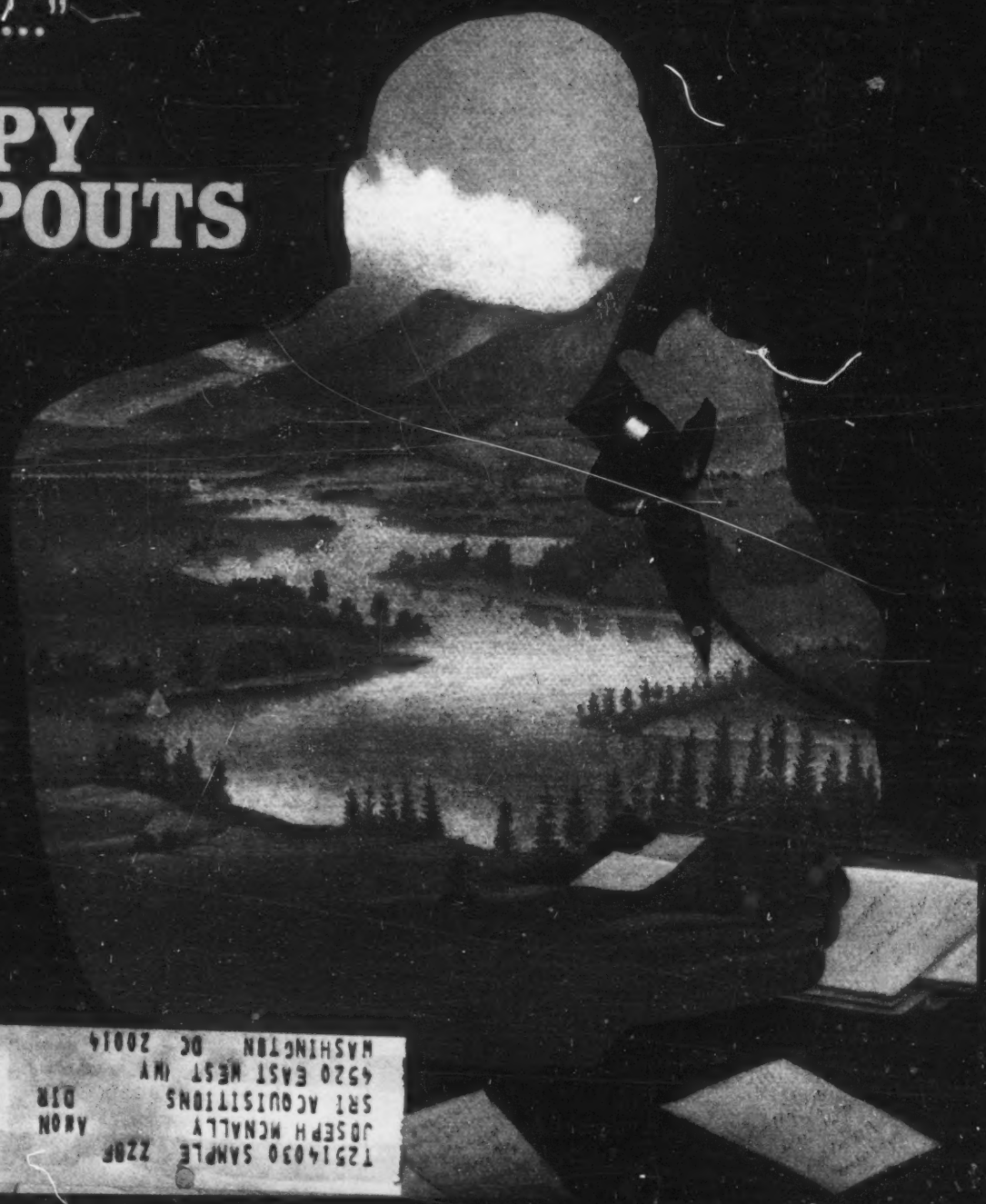
JANUARY 17, 1983 THREE DOLLARS

C3950-1 1/4/83

Forbes

"You can take this job and..."

HAPPY DROPOUTS



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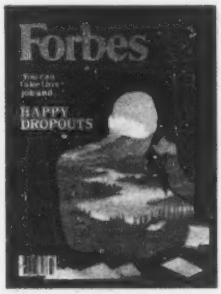

78 Cover Story: Do not confuse dropping out with being laid back.

40 Energy: "It's possible," says George Mitchell, "to buy oil for less than it costs to find it."

47 Commodore: The top man's past ensures future public scrutiny of the most searching kind.

39 Pension Funding:
The Other $1 Trillion
Legislators at every level are even more generous with government workers than they are with the taxpayers who elect them. So, if you think Social Security has problems, take a look at the public pension systems.

40 Energy:
Straw Hats In The Fall
With demand slack and prices wobbly, a lot of oil and gas properties have been changing hands. What do the buyers see—canny veterans like George Mitchell, for example—that the sellers are missing?

41 Wall Street:
The Brokers' Yachts
Drug dealing aside, name another line of work where one hundred thou a year is unremarkable and a cool million is a plausible hope.

42 Gambling:
Off-Track Fretting
"There's only so much money to go around," sighs a New York State legislator, brooding about the diminishing returns on state-sanctioned Off-Track Betting parlors. The message: Legalized gambling profits have their limits as a public financing tool.

46 Taxes:
Panama, Ho!
It's not anxiety about Three Mile Island lawsuits that persuaded McDermott Inc. to domicile the company in Panama. It's Subpart F of the tax code, and the cash savings can be considerable. And the move need not stop there. If Panama today, why not the Grand Caymans tomorrow?

47 Companies:
Commodore International
With one of the bestselling home computers on the market, Commodore is one of the hottest companies around in that very hot field. But Jack Tramiel, Commodore's founder and chief executive, has a cloudy past, and there is doubt whether he is the right man to preside over his company's transition from a one-man enterprise to a major corporation.

52 The Up & Comers:
Super Sky International
Making skylights in all sizes and shapes for commercial use strikes Larry Huffman as an easy-entry business. "You can get into it," he says, "with a hacksaw and pliers." Beating him at the game is a different matter.

57 Apparel:
Rags Are Riches
You wanna talk markups? How about an old evening dress, circa 1920, picked up in someone's attic for $8 and ultimately fetching $150 in some trendy boutique? That's exceptional, of course, but even the more routine markups in the vintage clothing market are nothing to sneeze at. At Antique Boutique, the world's largest used clothing store, the markup exceeds more than 100% on many items.

62 Companies:
Parsons Corp.
Megaprojects, like building the Jeddah airport complex in Saudi Arabia, will be hard to come by in the next few years, but Parsons has adroitly positioned itself to get by on smaller stuff. "Ten smaller jobs smooth out the curves," says Chairman William Leonhard, "and can bring more down to the bottom line than a single $1 billion project."

69 Technology:
The Preparation Revolution
With home computers sprouting everywhere, it was inevitable that software would be developed for do-it-yourself income-tax preparation. More than 40 tax programs are now available. Which is the right one for you? Here, a conscientious guide. The cost of it may be tax-deductible.

75 Management:
Are American Executives Too Selfish?
Too many executives, it's charged, are numbers-obsessed rather than people-oriented. The heated debate on this issue, at the Harvard Business School and elsewhere, is no mere academic exercise, and it may be a bum rap.

52 The Up & Comers: How much more market share can be really expect to get?

62 Parsons: A kind word for an overused word—"infrastructure."

75 Management: Is the real problem myopia? Selfishness? Neither?

101 Taxing Matters: The real-life dilemma of LIFO—a tax bill when least wanted.

78 Cover Story—Personal Affairs: Happy Dropouts
Breathes there an executive with soul so dead who never to himself hath said, "Take this job and . . ."? We tracked down eight such who asked, acted and have no regrets. Most had money, and it helped, but it was not the essential element. More important were guts, imagination and ability.

Faces Behind The Figures

86 Kenneth Schnitzer,
Houston real estate developer
86 Sam Nassi,
Sam Nassi Co., liquidators
87 Roger Milgrim,
Lawyer, specialist in trade secret litigation
87 William Heron,
Citicorp
90 Terence Conran,
Home furnishings chain retailer

96 Companies: Lifemark Corp.
Smallest of the big five hospital management companies, Lifemark racked up some impressive growth through the 1970s as health-care costs grew at unprecedented rates. Chairman Bill Mackey wants to continue to expand through the 1980s. But the future may not be like the past.

100 Numbers Game: Capital Offense?
To most accountants, the cost of developing a computer program is a form of R&D and should be expensed—written off against current revenues. But Richard Daly, boss of Comserv, maker of software systems for manufacturers, thinks his programs are assets and lists them as such on his balance sheet. Here, the dilemma is analyzed.

101 Taxing Matters: A LIFO Boomerang
Companies living on their inventories may be stuck with higher tax bills just when they can least afford them.

108 Streetwalker: If You Could Love Only One. . . .
Our annual exercise wherein some top analysts name their best bet for 1983.

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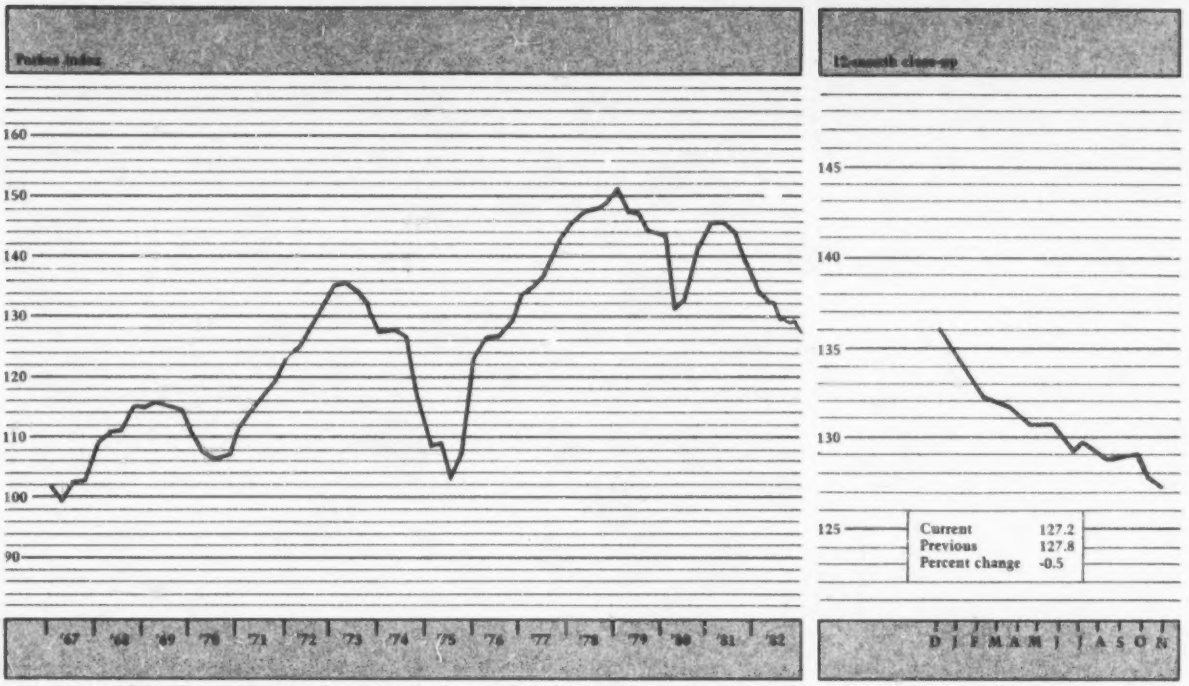
The Forbes Index



Another skid. The Forbes Index has declined for the second consecutive time. The main reason is continued weakness in the business sector. Industrial production fell 0.4% in November after a 0.8% dip the prior month.

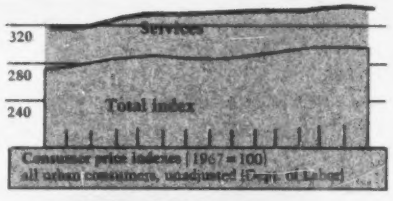
The good news is that consumers may be about to lead the way to recovery even though personal income fell 0.1% in the latest reporting period. Retail sales were up a healthy 2.3%, compared with a 0.6% gain the previous month. Most of that increase came from surprisingly strong auto sales. Housing also continued to gain strength, rising 0.2%.

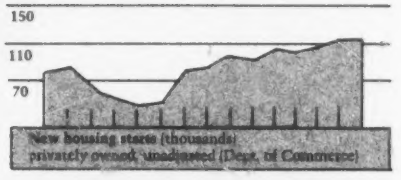
The increases in autos and housing follow the decline in interest rates and are considered prerequisites for recovery. Meanwhile, the Consumer Price Index was down 0.2% while prices in the economy's increasingly important services sector dropped 0.5%.

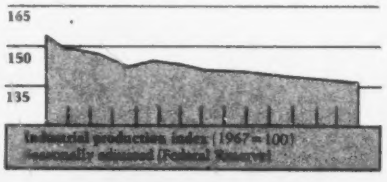
The Forbes Index Components

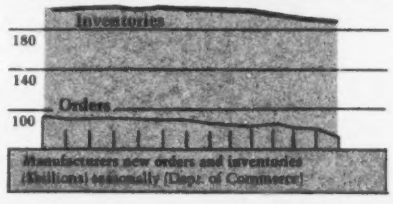
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

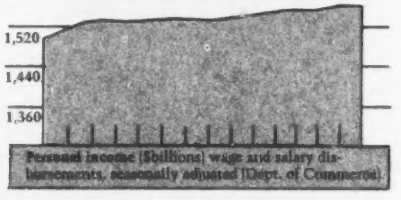
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.

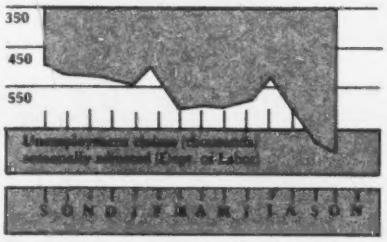


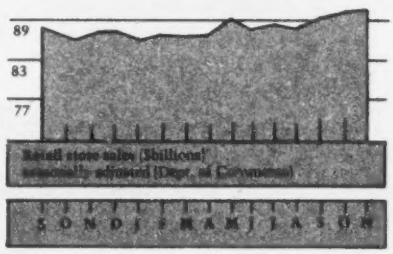


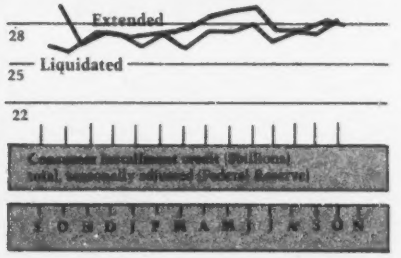




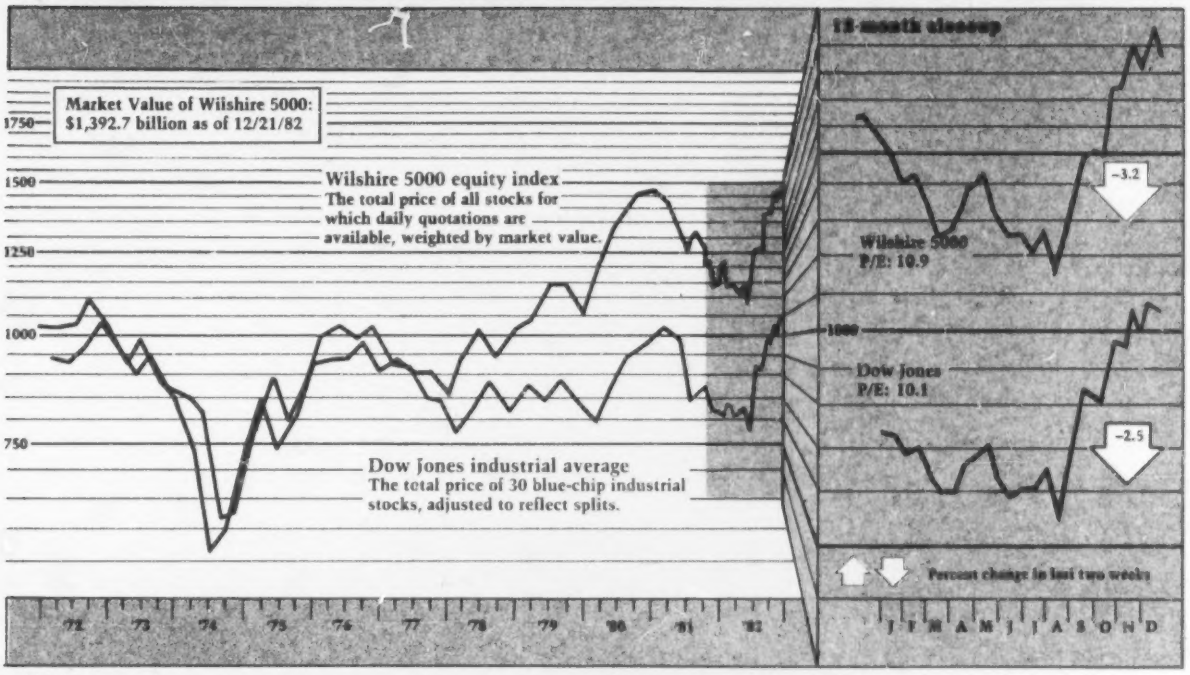








The Forbes/Wilshire 5000 Review


Market Value of Wilshire 5000:
$1,392.7 billion as of 12/21/82
1750
1500
1250
1000
750
Wilshire 5000 equity index
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
'72 '73 '74 '75 '76 '77 '78 '79 '80 '81 '82
12-month closeup
-3.2
Wilshire 5000
P/E: 10.9
1000
Dow Jones
P/E: 10.1
-2.5
Percent change in last two weeks
J F M A M J J A S O N D

Singing the blues. The market struggled through the last several weeks with the Dow gyrating back and forth around the 1000 level. In this time of testing, blue-chip issues generally held up better than secondary stocks. During the last two weeks the Dow and the NYSE lost 2.5% and 2.9%, respectively, while Amex issues were off 3.1% and NASDAQ stocks fell 5%. A similar pattern held over the recent four-week period: The Dow gained 4% while the Amex issues advanced only 0.8% and NASDAQ stocks were up only 1.6%. The impact of large capitalization issues can be seen in the broadly based Wilshire index. Over the last four weeks the Wilshire was only slightly behind the NYSE—a gain of 3.1% vs. 3.5%.

With the recent strength of the blue chips, the Dow is again slightly ahead of the NASDAQ for the last 52 weeks. Secondary stocks have yet to establish themselves as clear-cut heirs to the rally sparked off by the blue chips. And the Amex market value index—weighted heavily with oil and oil-related stocks—is still a considerable distance behind the others.

Investors were quite risk-averse over the last four weeks. All the market focus groups below underperformed the Dow. Stock buyers were putting their money only into what they perceived as safe and secure investments.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.1	1.6	4.0	3.5	0.8	1.6
in last 52 weeks	18.8	NA	18.2	11.9	3.1	16.8

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.0	2.2	1.9	1.6	0.5	2.7	1.6	1.0	2.8	2.4
in last 52 weeks	32.0	25.4	15.8	45.1	21.2	45.7	36.8	25.8	15.2	27.8

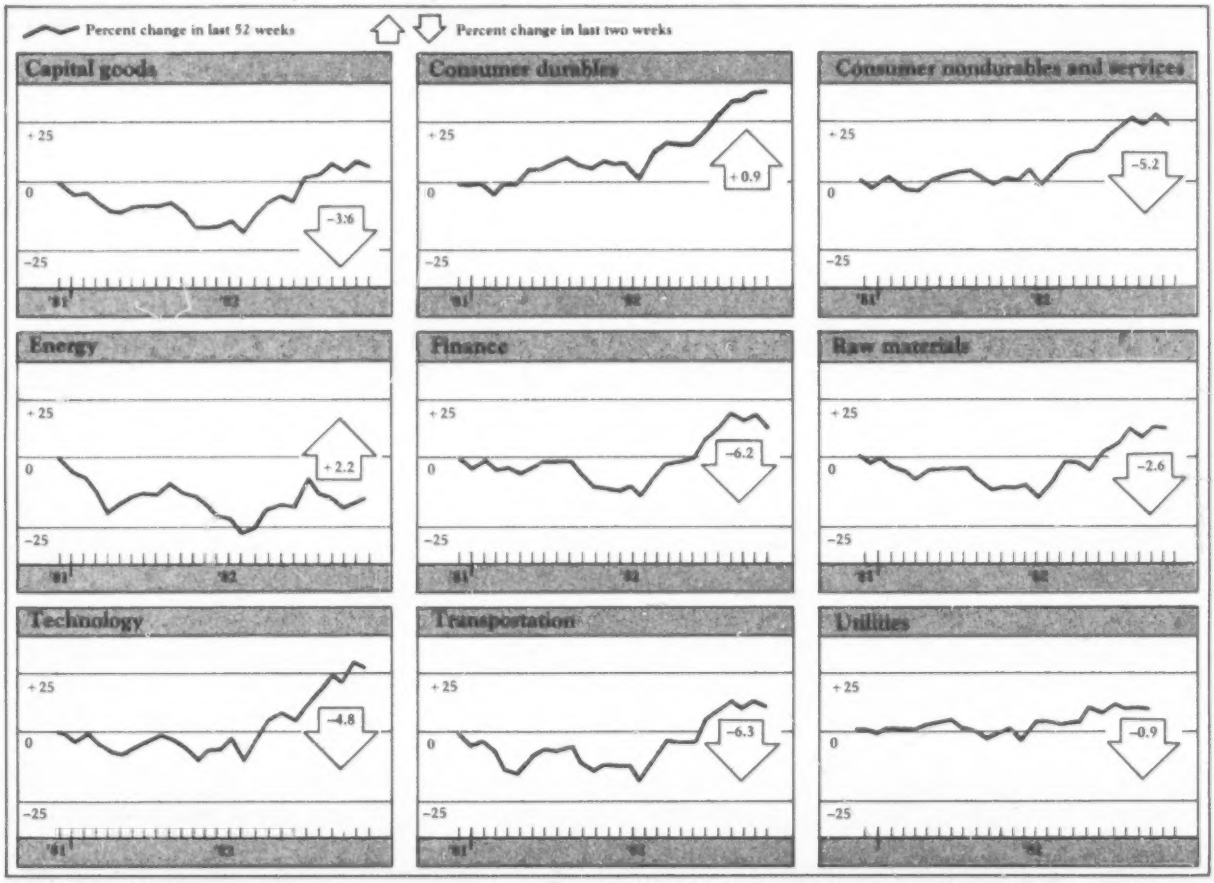
NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/21/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

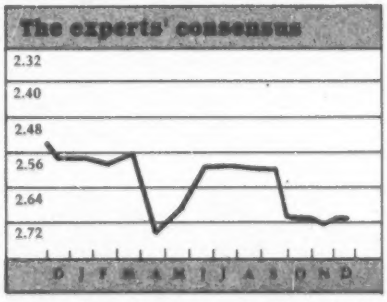
Rolling again? The consumer durables sector has been one of the brightest groups so far this winter. Sparking these gains has been a resurgence in the popularity of the stocks of the automakers. While vehicle sales have not been remarkable—especially when manufacturers have not offered rebates or special financing deals—there is plausible hope that lower interest rates and a pickup in the rest of the economy could finally mean a return to profitability for a leaner and meaner Detroit.

The second strong sector is the energy group. But energy is a study in contrasts. While the major oils have generally been weak, merger activity and speculation have helped boost issues such as General American Oil, Tidewater and El Paso. The weakest sector is transportation. Airlines lost much of the altitude gained earlier in the month.



What The Analysts Think

On vacation. High-paid institutional analysts had little in the way of new advice. Technology stocks—the fourth-worst performing group over the last two weeks—are still their favorites. On the other hand, consumer durables—the best performing group—are firmly in last place. But, say the analysts, they are looking ahead several months.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.50	1	1
2	Energy	2.67	2	5
3	Capital goods	2.67	3	2
4	Utilities	2.70	4	3
5	Transportation	2.77	5	7
6	Finance	2.78	6	6
7	Raw materials	2.83	7	8
8	Consumer nondurables	2.85	8	4
9	Consumer durables	2.99	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 12/21/82. Prepared by Wilshire Associates, Santa Monica, Calif.